

## Fiscal Estimate - 2003 Session

☒ Original      ☐ Updated      ☐ Corrected      ☐ Supplemental

<b>LRB Number</b> <b>03-0281/1</b>		<b>Introduction Number</b> <b>AB-241</b>	
<b>Subject</b>  Admission, service provision, transfer and discharge by nursing homes and C-BRFs that provide medical assistance			
<b>Fiscal Effect</b>  <b>State:</b> <div style="display: flex; flex-wrap: wrap;"><div style="width: 33%;"><input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations</div><div style="width: 33%;"><input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues</div><div style="width: 33%;"><input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <div style="display: flex; justify-content: space-between;"><input type="checkbox"/> Yes      <input checked="" type="checkbox"/> No</div><input type="checkbox"/> Decrease Costs</div></div> <b>Local:</b> <div style="display: flex; flex-wrap: wrap;"><div style="width: 33%;"><input checked="" type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"><div>1. <input type="checkbox"/> Increase Costs     <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</div><div>2. <input type="checkbox"/> Decrease Costs     <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</div></div></div><div style="width: 33%;"><div style="display: flex; justify-content: space-between;"><div>3. <input type="checkbox"/> Increase Revenue     <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</div><div>4. <input type="checkbox"/> Decrease Revenue     <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</div></div></div><div style="width: 33%;"><b>5. Types of Local Government Units Affected</b> <div style="display: flex; flex-wrap: wrap;"><div style="width: 33%;"><input type="checkbox"/> Towns <input type="checkbox"/> Counties <input type="checkbox"/> School Districts</div><div style="width: 33%;"><input type="checkbox"/> Village <input type="checkbox"/> Others <input type="checkbox"/> WTCS Districts</div><div style="width: 33%;"><input type="checkbox"/> Cities</div></div></div></div>			

**Fund Sources Affected**  
☒ GPR    ☒ FED    ☐ PRO    ☐ PRS    ☐ SEG    ☐ SEGS

**Affected Ch. 20 Appropriations**  
20.435 (6) (a), 20.435 (6) (n)

## Fiscal Estimate Narratives

DHFS 8/5/2003

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<b>Subject</b>					
Admission, service provision, transfer and discharge by nursing homes and C-BRFs that provide medical assistance					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, nursing homes certified to provide care that is reimbursed by Medicaid (MA) may not transfer or discharge a patient without informing the patient or guardian of the patient of the reason for transfer or discharge. MA certified nursing homes may not transfer a patient based on source of payment. The proposed bill would expand current law to also apply to admissions to MA certified nursing homes. Under this bill, MA certified nursing homes would not be able to consider source of payment when deciding to admit or expedite admission of a patient and would have to provide, in writing, the reason for a denial of admission.

The proposed bill would also prohibit counties, private non-profit agencies or aging units from providing services in a community-based residential facility (CBRF) for individuals enrolled in a MA community based waiver program if the CBRF discriminates by source of payment in admissions, transfers or discharges. Under current law, a county, private non-profit agency or aging unit that provides CBRF services to waiver clients need not require the CBRF to disregard source of payment in admissions, transfers, or discharges.

This bill will increase costs for the Department's Bureau of Quality Assurance. The Bureau of Quality Assurance (BQA) would be required to enforce the regulations proposed under this bill increasing BQA surveyors' workload.

BQA surveyors would be required to determine compliance with new regulations when a facility is recertified or relicensed. To determine compliance, surveyors would compare the nursing home's waiting list of prospective residents with a list of actual admissions to determine if residents were taken in order. If residents were not taken in order, surveyors would need to call prospective residents who were not taken to determine what the circumstances were behind their non-admission (e.g., had their health improved, had they been admitted to a different facility or hospital, had they refused admission, or had they never been contacted). Surveyors would also need to interview admission staff. Depending on what is found, BQA staff workload would increase by an estimated 1/2 hour to 4 hours for each recertification/relicensure survey conducted. BQA conducts approximately 408 recertification/relicensure surveys each year. Assuming a surveyor spends on average 2 hours determining compliance, this bill would require an additional 816 hours of BQA staff time annually for recertification/relicensure activity. The cost of this staff time is \$22,900 AF (\$14,400 GPR).

BQA surveyors would also be required to investigate complaints of discriminatory admission practices. Complaints would be most common in the urban areas of the state where there are many MA recipients and many nursing homes to choose from. Statewide, the Department estimates it would receive approximately 100 complaints per year under this bill. For each complaint, BQA staff would be required to review facility census reports, review new admissions, cross reference payment sources and interview hospital discharge planners, adult protective services workers and nursing home admissions staff. Staff time per complaint is estimated at one day (including travel time) for a total of 800 hours annually. The cost of this staff time is \$22,500 AF (\$14,200 GPR).

It is also possible this bill would increase MA nursing home expenditures. Homes that currently do not accept MA recipients may have higher costs than homes that do accept MA recipients. Under this bill, MA recipients could have increased access to higher cost nursing homes. If more MA recipients receive services in higher cost nursing homes, MA costs will go up. However, the extent of this impact is uncertain and cannot be estimated.

This bill would not affect MA expenditures under the MA waiver program. The bill could increase the availability of CBRF services, but state expenditures for waiver services would not change. Counties currently expend their entire state MA waiver allocation and have a waiting list for waiver services. If an increase in CBRF availability were to change the services to waiver clients in such a way as to result in a savings for current waiver clients,

counties would use the savings to serve more individuals off of their waiting list. If an increase in CBRF availability were to result in additional costs for counties' current waiver clients, the state would not provide a larger allocation to the county; the allocation is sum certain. Thus this bill would not affect state MA payments to counties for waiver services.

An increase in availability of CBRF services to MA waiver clients under this bill could result in initial additional costs for counties. However, these additional costs would likely be controlled by counties. Approximately 20% of individuals served under waivers leave the waiver program each year allowing counties to control costs by serving more or fewer individuals off of their waiting lists. If costs for current waiver clients were to increase, counties would serve fewer persons off of the waiting list. If costs were to decrease, counties would serve more persons. Because counties can control their waiver costs, it is unlikely that this bill would have a fiscal effect on counties. Thus this bill has no local fiscal effect.

### **Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

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<b>Subject</b>		
Admission, service provision, transfer and discharge by nursing homes and C-BRFs that provide medical assistance		
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>		
<b>II. Annualized Costs:</b>	<b>Annualized Fiscal Impact on funds from:</b>	
	Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$45,400	
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$45,400</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR	28,600	
FED	16,800	
PRO/PRS		
SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$45,400	\$
NET CHANGE IN REVENUE	\$	\$
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
DHFS/ Anne Miller (608) 266-5422	Fredi Ellen Bove (608) 266-2907	8/5/2003